

## Message Text

CONFIDENTIAL

PAGE 01 KINGST 03983 251926Z  
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 INT-05 COME-00 STR-04 GSA-02  
TRSE-00 OMB-01 AID-05 SP-02 L-03 H-01 CIAE-00  
INR-07 NSAE-00 /049 W  
-----070228 260123Z /65  
R 251850Z JUL 77  
FM AMEMBASSY KINGSTON  
TO SECSTATE WASHDC 6417

C O N F I D E N T I A L KINGSTON 3983

E. O. 11652: GDS  
TAGS: EFIN, JM  
SUBJ: BAUXITE INDUSTRY OFFERS CONTINUOUS PREPAYMENT OF  
BAUXITE LEVY

1. ALCOA LOCAL MANAGER AND VICE PRESIDENT PAUL CROUCH INFORMED ECONOFF JULY 22 THAT BAUXITE COMPANIES ARE PREPARING TO OFFER GOJ A CREDIT PACKAGE WHICH WOULD AMOUNT TO A QUARTERLY RENEWABLE PREPAYMENT ON \$40 MILLION OF THE BAUXITE LEVY. EFFECT WOULD BE TO MAKE AVAILABLE ABOUT \$40 MILLION TO THE GOJ IN THE FORM OF CREDITS BACKED BY THE COMPANIES. ARRANGEMENT WOULD BE PHASED OUT AFTER TWO YEARS.

2. CROUCH SAID THAT AS A QUID-PRO QUO, THE BAUXITE COMPANIES WOULD EXPECT THE BAUXITE INDUSTRY TO BE MOVED FROM THE BASIC TO THE SPECIAL FOREIGN EXCHANGE RATE. CROUCH INDICATED THAT BOJ DEPUTY GOVERNOR BONNICK HAD GIVEN PRELIMINARY APPROVAL TO THE DEAL BUT HAD WANTED COMPANIES TO AGREE TO EXPAND PLANTS IN JAMAICA. CROUCH SAID COMPANIES ARE UNANIMOUS IN THEIR REJECTION OF THIS CONDITION. HE INDICATED THAT ONLY OTHER STUMBLING BLOCK WAS QUESTION OF WHETHER IMF WOULD BE WILLING TO EXEMPT THIS PERPETUAL PREPAYMENT ARRANGEMENT FROM THE GOJ'S BORROWING CEILING.

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PAGE 02 KINGST 03983 251926Z

3. EMBASSY COMMENT: THIS IS NOT THE FIRST TIME WE HAVE HEARD OF THIS PROPOSAL. IMF REPRESENTATIVE WILLIAMS INDICATED IN LATE JUNE THAT GOJ WAS ALREADY COUNTING ON A PERPETUAL PREPAYMENT OF THE BAUXITE LEVY OF 40-50 MILLION DOLLARS IN ORDER TO FUND THE BUDGET IN 1977. HE SAID THIS SERVED TO EXPLAIN, IN PART, HOW GOJ WAS ABLE TO REDUCE BOJ FINANCING OF THE 1977 BUDGET BY

\$200 MILLION WHILE REDUCING THE BUDGET ONLY \$76 MILLION.

IRVING

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** BAUXITE, INDUSTRY  
**Control Number:** n/a  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977KINGST03983  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770265-0443  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
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**Review Release Event:** n/a  
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**SAS ID:** 1762175  
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**Subject:** BAUXITE INDUSTRY OFFERS CONTINUOUS PREPAYMENT OF BAUXITE LEVY  
**TAGS:** EFIN, JM, (CROUCH, PAUL)  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
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